

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE
Transcriber's Office

COMMITTEE ON GOVERNMENT, MILITARY AND VETERANS AFFAIRS
April 3, 2006
LR 309

The Committee on Government, Military and Veterans Affairs met at 1:30 p.m. on Monday, April 3, 2006, in Room 1507 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LR 309. Senators present: DiAnna Schimek, Chairperson; Deb Fischer; Chris Langemeier; and Mick Mines. Senators absent: Pam Brown, Vice Chairperson; Carroll Burling; Rich Pahls; and Roger Wehrbein.

SENATOR SCHIMEK: This is the hearing of the Government, Military and Veterans Affairs Committee and we are hearing Legislative Resolution 309 today. And for the record, my name is DiAnna Schimek and I chair the committee; and to my right is the committee counsel, Christy Abraham; to my left is the committee clerk, Sherry Shaffer; and the three committee members who are presently with us are Senator Mick Mines; Senator Chris Langemeier; and Senator Deb Fischer. And we will begin. It doesn't look at present as if there are any members of the public here to testify, but we'll begin with your testimony, and if there are then I will give instructions. So with that, Senator Engel, you may begin.

LR 309

SENATOR ENGEL: (Exhibit 1) Okay, thank you very much. Thank you, Senator Schimek. Chairman Schimek and members of the Government Committee, it is a pleasure to come before you today and present LR 309. For the record, I am Senator Pat Engel; that's P-a-t E-n-g-e-l, and I represent District 17 in northeast Nebraska. I introduce LR 309, along with Senators Cunningham, Kremer, Wehrbein, and Friend, to encourage our U.S. Congress to support the negotiation of Taiwan/United States free trade agreement. The resolution contains many reasons to support this trade agreement. In addition, I would like to share with you why this trade agreement is important to Nebraska. According to the Department of Agriculture, Nebraska's exports to Taiwan in 2004 totalled \$50 million, approximately \$50 million. These export products included corn, flour, pork, horse meat, vegetables, candy, and cereal. In 2005, trade with Taiwan totaled \$69 million, so Taiwan is the eighth largest foreign export market for Nebraska. In February, I had the

Transcript Prepared by the Clerk of the Legislature
Transcriber's Office

Committee on Government, Military LR 309
and Veterans Affairs
April 3, 2006
Page 2

pleasure of meeting with Nebraska's council representative from Taiwan, Jack Chen, and his colleague, Henry Fan. He has encouraged our state to pass this resolution showing our support for trade with Taiwan. I would like to introduce into the records, letters and a fax from Mr. Chen that outlines reasons why this resolution should be adopted. Also, I will enter into the record an e-mail sent by the Department of Agriculture listing the exports Nebraska sold to Taiwan in 2004. And you have a couple handouts there: the resolution itself and I think another handout. As Mr. Chen states in his letter, Taiwan is our country's eighth largest trading partner and its ninth largest export market overall. So trade between the U.S. and Taiwan in 2005...I've already mentioned that...was... Well, between the U.S. and Taiwan in 2005, totaled \$49.7 billion--and that's not small change. Currently, the United States is the largest provider of agricultural products to Taiwan, and a large portion of the wheat, soybeans, beef, and bovine hides sold to Taiwan came from Nebraska. In February, U.S. Representative Robert Andrews of New Jersey introduced House Concurrent Resolution 342 stating that it is the sense of Congress that the President should make the conclusion of a free trade agreement with Taiwan one of the country's top priorities, and they should encourage the U.S. trade representative to expedite negotiations on the free trade agreement. LR 309 will encourage the adoption of such a resolution in Congress and express Nebraska's support for a free trade agreement with Taiwan. With that I ask for your prompt advancement of the resolution. Thank you very much. If you have any questions, I would be more than happy to try to answer them.

SENATOR SCHIMEK: Thank you, Senator Engel. Are there questions from the committee? I would ask, Senator Engel, if you know of other states who have forwarded such resolutions to Congress?

SENATOR ENGEL: You know, I don't have it front of me, but there have been other states, and we can get that for you later today probably.

SENATOR SCHIMEK: I would be interested in knowing that.

SENATOR ENGEL: Yeah, because I know there are others that

Transcript Prepared by the Clerk of the Legislature
Transcriber's Office

Committee on Government, Military LR 309
and Veterans Affairs
April 3, 2006
Page 3

have done that, because I know the situation between mainland China and Taiwan, of course, is kind of a precarious situation right now. But this is for trade more than anything else, and they are a big trade partner of Nebraska, and there have been several delegations from Nebraska that have been over there different times. In fact, I was over there three or four years ago with a few, and the Governor has been there different times, our former Governor, and I don't know whether Heineman has been there yet or not, but this just keeps... They are a great partnership and they are very interested in what is happening here in Nebraska, so they are a good partner. So hopefully...

SENATOR SCHIMEK: Do you think that the reason that this hasn't been introduced in the past in Congress is because of the relationship between China and Taiwan?

SENATOR ENGEL: I am sure that's it. I am absolutely sure that's it because of that. But way back when, do you remember when Jack Kennedy was president when they talked about the straits or whatever you call them there where the Chinese were ready to hop over, and the United States government intervened there. But our situation has changed now as far as the United States trading with China, and so... And China will not give up that; as far as they are concerned, Taiwan is still part of China, mainland China. But they are the most industrialized portion of China; they have been for years. They have been very successful, and now China is starting to come around themselves, so I think I can see why they wouldn't want to get rid of Taiwan. But I think it is a trade agreement itself between us and them, and I personally don't know how that would take away from the trade, with the situation with China and the United States. But diplomatic relations are pretty fine-tuned and I'm not in that area, so I don't know, but I assume that's part of the reason, yes.

SENATOR SCHIMEK: One final question and then I'll see if the committee has any more questions. If indeed, it says in your resolution that trade has increased significantly during the recent decades, is there any reason to doubt that this will continue to occur even without a trade agreement?

Transcript Prepared by the Clerk of the Legislature
Transcriber's Office

Committee on Government, Military LR 309
and Veterans Affairs
April 3, 2006
Page 4

SENATOR ENGEL: Well, I think we'll probably still be doing trade with them but I think they just want that recognition, though, that because I think they want more trade between the two countries overall. You know, right now, they are doing...we're trading...good partners with Nebraska. But I think they want to expand that across the... And I think there are some benefits, you know. If you become a trading partner, I think there are some benefits to both countries and they would probably be looking to reap those benefits. But as far as what they do in Nebraska, I think we'll probably have them regardless, but this is just a resolution to send into the federal government for consideration. So we're not going to change anything; we're just going to let them know that we in Nebraska support such a thing. That's what it's about.

SENATOR SCHIMEK: I understand that. Thank you. Are there any other questions? Senator Fischer has one.

SENATOR FISCHER: Hello, Senator Engel.

SENATOR ENGEL: Yes, ma'am.

SENATOR FISCHER: Do you know what the current federal laws are on trade with China, with mainland China, and also with Taiwan? Are they different? Is that what the problem is?

SENATOR ENGEL: Well, my assumption is, yes, I think they have a full trade agreement with China now, and where before they didn't used to have it at all. But they don't have the same type of trade agreement with Taiwan because of the situation where the Republic of China is what they call Taiwan, but the country of China believes they are still part of China from way back after World War II there. So I think there is a separate...I don't know exactly what it is, but...

SENATOR FISCHER: Okay. Has the Legislature done something like this before, dealing with international trade and politics, basically, because I guess I'm looking at this, thinking it's not just a resolution saying we need more trade with Taiwan; it's Nebraska saying it's time that we start deciding on how political decisions are made dealing with international trade.

Transcript Prepared by the Clerk of the Legislature
Transcriber's Office

Committee on Government, Military LR 309
and Veterans Affairs
April 3, 2006
Page 5

SENATOR ENGEL: I wasn't here, but a few years ago I believe you had something with South Africa. I think Senator Chambers brought up a...

SENATOR SCHIMEK: That was about investments.

SENATOR ENGEL: And that was investments, but that is still a type of trade.

SENATOR SCHIMEK: But it spread nationally.

SENATOR ENGEL: Yeah, and it spread all over, and then I think he had some kind of a situation. That was government, the government, I think, (inaudible) you did something, but I wasn't here then so Senator Schimek could probably answer that question much better than I. I just recall what I read.

SENATOR SCHIMEK: I don't think I was here either, Senator Engel, but I do remember reading about both of those circumstances.

SENATOR FISCHER: Okay, thank you.

SENATOR SCHIMEK: Any other questions? Seeing none, it was a pleasure to have you with us today, Senator Engel.

SENATOR ENGEL: You know, it's always a pleasure to come before this committee because you are all so kind, and thank you so much.

SENATOR SCHIMEK: Oh, thank you. (Laugh) Well, we appreciate hearing about this. It's an interesting issue.

SENATOR ENGEL: Okay, and I would thank you very much and I'll waive closing unless you would like to hear some more.

SENATOR SCHIMEK: Okay, thank you.

SENATOR MINES: I want to hear your closing, Senator.

SENATOR ENGEL: Thank you. You are so kind.

Transcript Prepared by the Clerk of the Legislature
Transcriber's Office

Committee on Government, Military LR 309
and Veterans Affairs
April 3, 2006
Page 6

SENATOR SCHIMEK: Thank you, Senator Engel.

SENATOR ENGEL: Thank you.

SENATOR SCHIMEK: Seeing no other possible testifiers in the audience, that will conclude the hearing on LR 309.